

Entrepreneurship: Michigan's Progress and What's Next ?

Prepared for Michigan Legislative Committees:
Senate Economic Development; House Commerce; House
Competitiveness
Lansing April ,2013



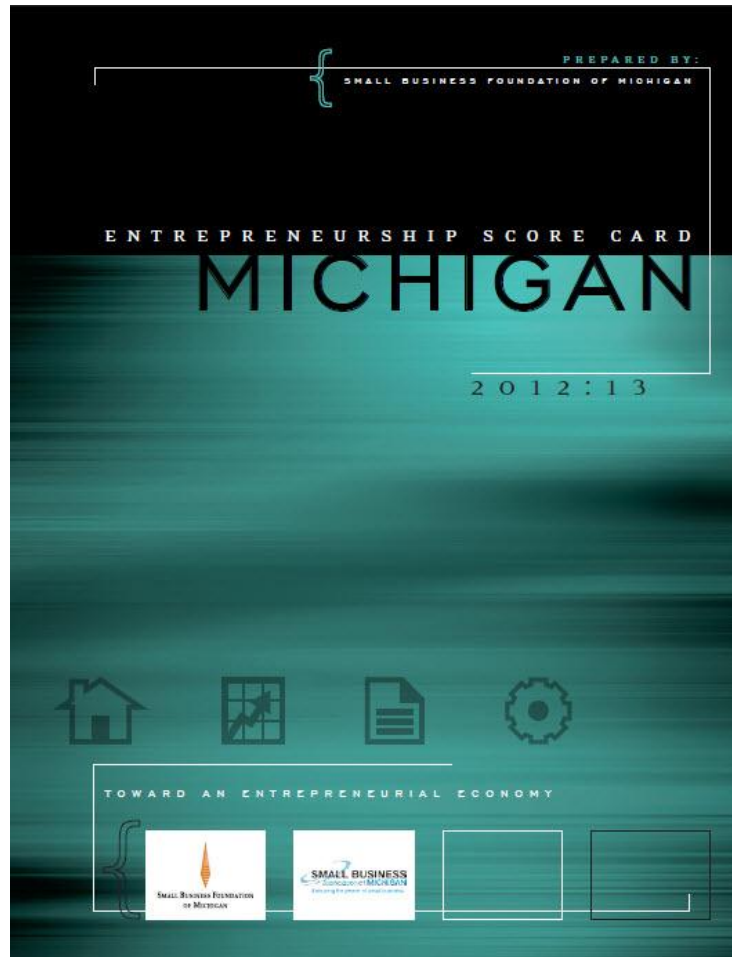
Graham S. Toft, Ph.D.
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The Bottom Line

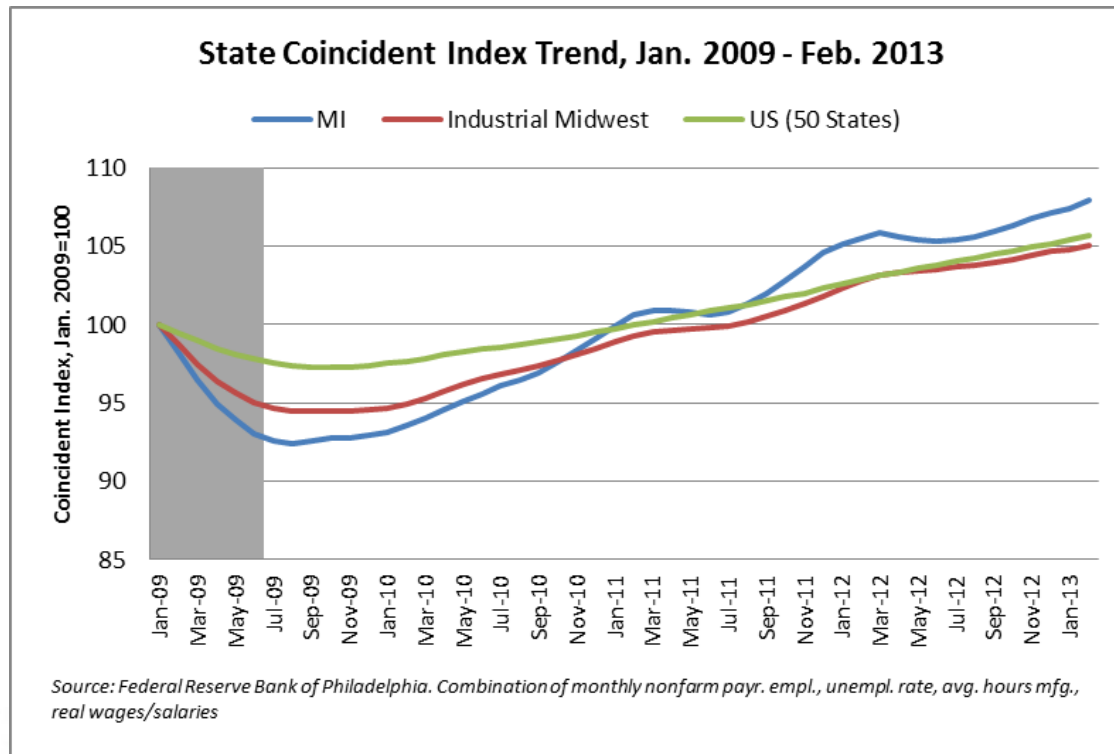
- ▣ Michigan is making significant progress
- ▣ Here's what needs to be done to keep up the momentum!

The Michigan Entrepreneurship Score Card, 9th Edition



How's Michigan been doing lately?

- Since the Great Recession: **Michigan take off!**



Key Score Card Results

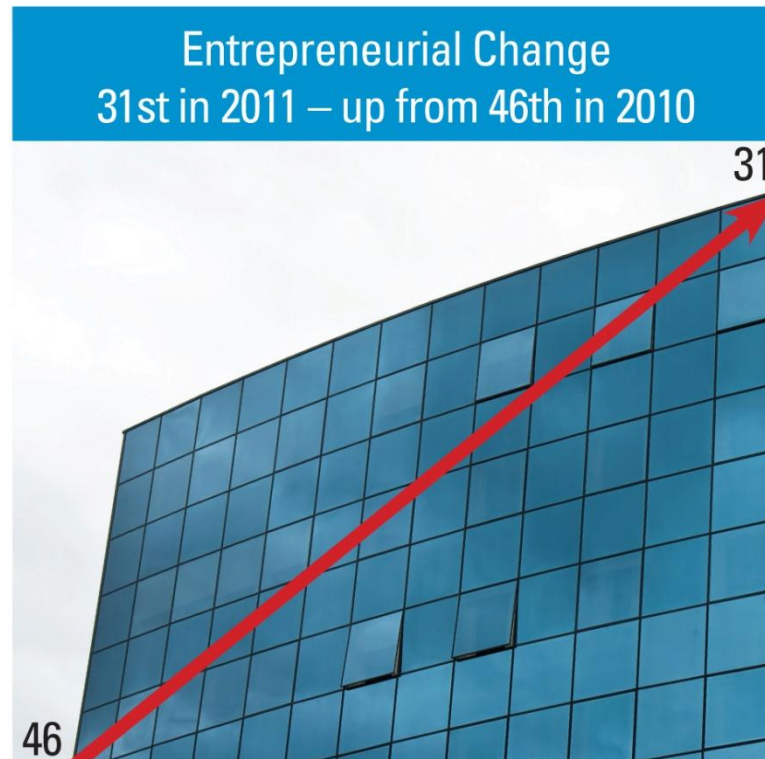
- ▣ Entrepreneurial Climate
- ▣ Entrepreneurial Change
- ▣ Entrepreneurial Vitality

Entrepreneurial Climate



Entrepreneurial Climate: our foundation above midpoint
for 2nd year in a row

Entrepreneurial Change



Entrepreneurial Vitality

Entrepreneurial Vitality steady for now but growth needed to catch up with the rest of the U.S.



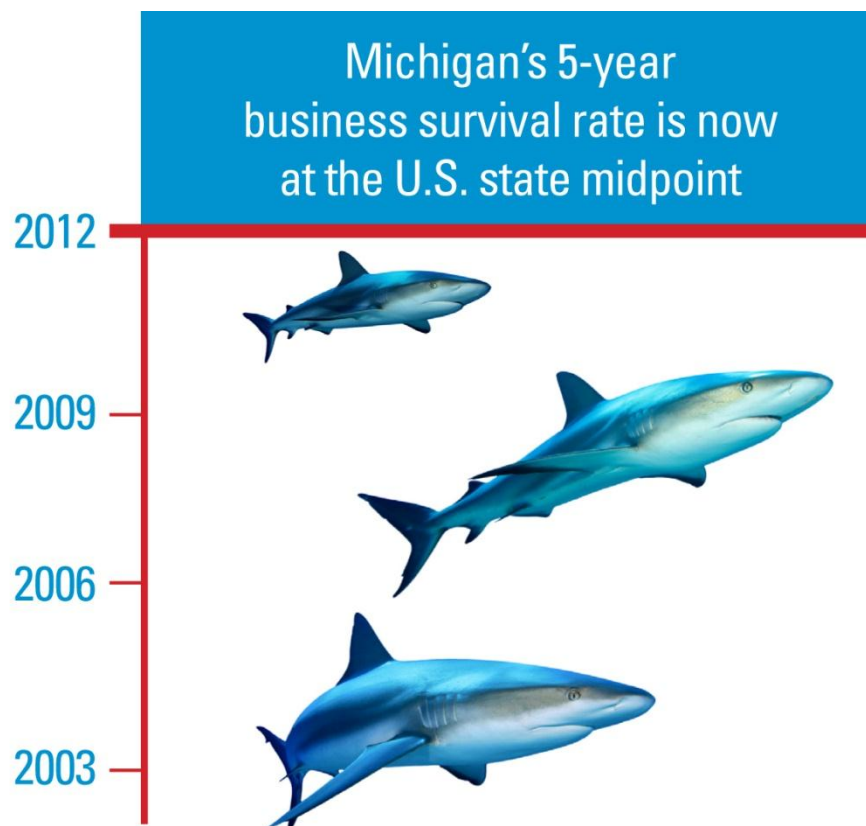
Business Tax Reform



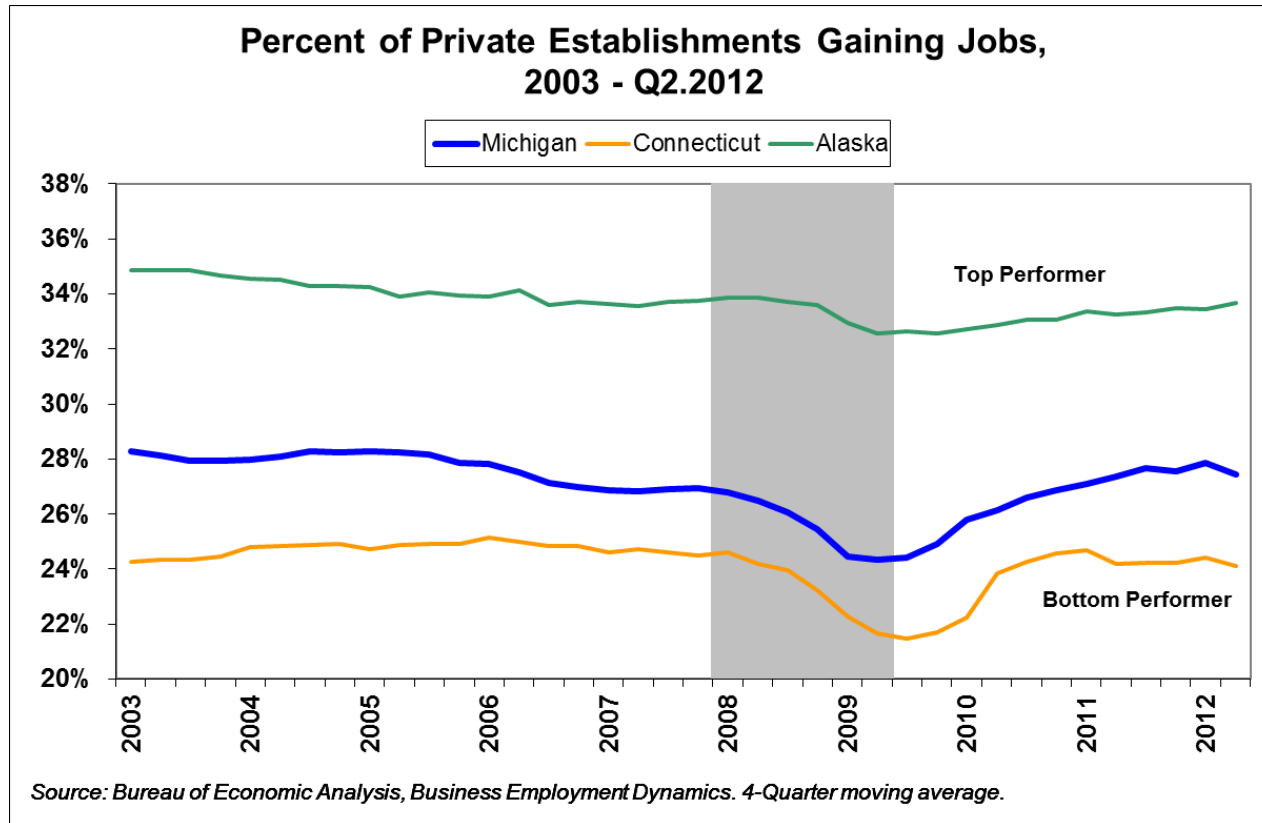
Banks Believe in Michigan Entrepreneurs



How's Michigan Been Doing Lately?



Jobs Engine Coming Back But At Low RPMs



Select Benchmark Strengths: Capitalize on R&D!

- ❑ Overall Rank: 19
- ❑ Univ. R&D: 8
- ❑ Industry R&D: 6
- ❑ Univ. licenses to small biz: 18
- ❑ Fed. Funded R&D: 18

Select Benchmark Strengths: International Trade

- ❑ Export Growth: 15
- ❑ Export-related jobs: 10
- ❑ Foreign Direct Investment: 47
- ❑ Skilled Immigrants: 16

Select Benchmark Strengths: Postsecondary Education

- ▣ Postsecondary Education: 9
- ▣ Phys. Sci and Eng Degrees: 8
- ▣ Top-rated Graduate Programs: 4
- ▣ Technologist/Tech Degrees: 22

Where Do We Need to Improve?

- ❑ Business costs
- ❑ Productivity and labor supply
- ❑ Regulatory and legal environments
- ❑ Quality of life
- ❑ Infrastructure/digital connectivity

Where Do We Need to Improve?

(Selected Metrics)

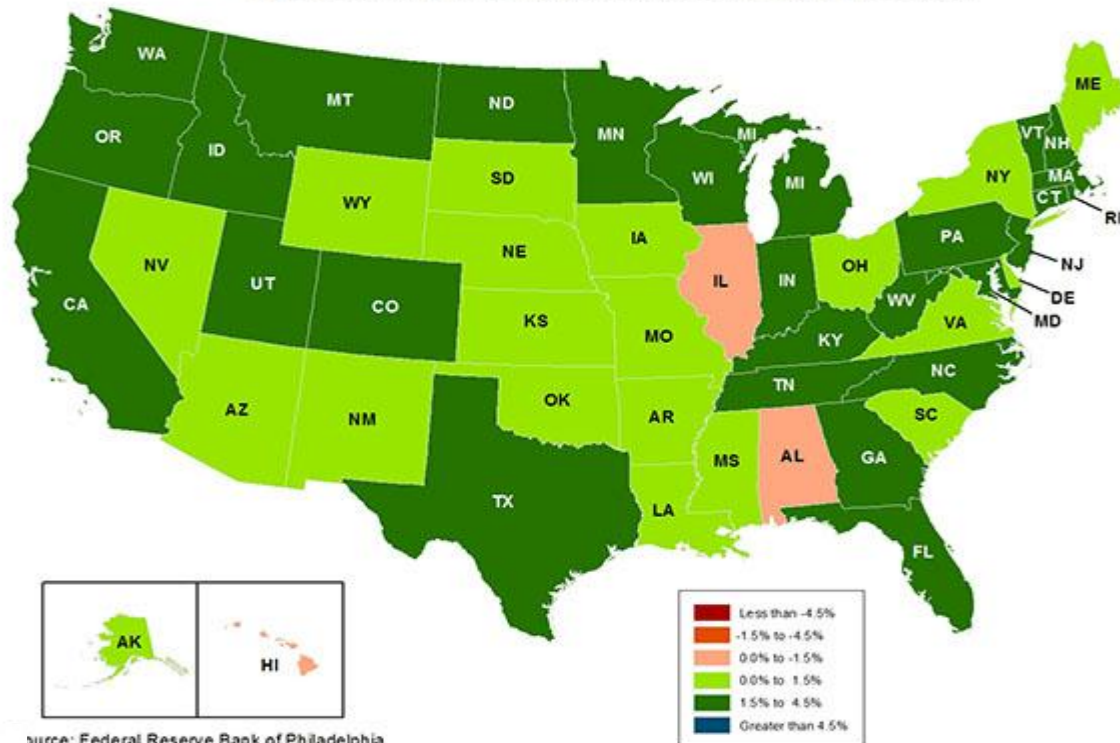
- ▣ HS grad rate: 36
- ▣ Internet speed and B'band coverage: 30
- ▣ Labor force participation rate: 44
- ▣ Malpractice costs: 42
- ▣ Tort system efficiency: 42
- ▣ Foreign direct investment: 47

Growth States?

- Dependency
- Austerity
- Growth

Who is Thriving, Who is Not

February 2013 State Leading Indexes: 6-Month Forecast



Source: Federal Reserve Bank of Philadelphia

Job Growth? Positive Factors for MI

- ❑ Abundant energy
- ❑ Debt deleveraging
- ❑ Demographics
- ❑ Mobile Wave + Learning Wave
- ❑ Natural resources efficiency
- ❑ Biotech revolution
- ❑ Global trade growth
- ❑ ENTREPRENEURIAL ENGINE!

Discussion

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Corporate Profile: GrowthEconomics

- ❑ Founded in 2002
- ❑ Personnel located in Sarasota, Florida, Warsaw, Indiana and Galway, Ireland
- ❑ Specializes in the economic growth of sub-national economies—states and regions: good pay jobs, growth businesses, upward mobility and value creation.
- ❑ Utilizes both classical and contemporary theories of growth and economic regeneration
- ❑ Primarily focused on the size, type, history, movement of growth businesses and the drivers of their growth
- ❑ Utilizes new and emerging databases to develop statistically-sound 'evidence guided growth strategies' with respect to growth businesses
- ❑ Primary clients: state governments and state Chambers of Commerce/business associations; regional growth alliances
- ❑ Committed to benchmarking as a tool to grab attention and bring about change; prepares competitiveness ScoreCards in 6 states